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Market Administrator's

U. S. DEPT. OF AGRICULTURE
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JUN 16 1964

BULLETIN

Published at 79 East State Street, Columbus 15, Ohio

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MAY, 1964

Vol. 20 No. 5

U.S. Foreign Trade In Dairy Products To Continue Large In 1964

The Dairy Situation, Economic Research Service USDA, April, 1964

Exports of dairy products from the United States in 1964 may equal or be slightly above the 1963 level of 4.9 billion pounds milk equivalent. The continued high level is expected despite lower CCC stocks of dairy products. Present CCC foreign commitments insure that exports will be large during 1964, although foreign donations of butter, butteroil, and nonfat dry milk may decline in the latter half of 1964 from expected first half levels. Export sales rose slightly in 1963 above 1962 and may rise further in 1964. The increase would be caused by the decline in manufactured dairy products output in Western Europe in 1963, expected lower output there in 1964 and continued strong demand.

U. S. dairy exports reached their third highest level in 1963, below only those of 1955 and 1956, when exports were more than 6 billion pounds of milk equivalent. In the mid-1950's the CCC accumulation of dairy stocks was mostly donated or sold abroad, following the large surge in milk production in 1953 and 1954. Utilization in the past 3 years has been achieved under an expanded Food for Peace Program. The P. L. 480 program has contributed to expanded sales overseas through foreign currency sales, barter, and long term dollar credits. Concessional pricing to foreign governments and the Payment-In-Kind

program also have helped develop markets. Our exports of dairy products depend almost entirely on these special programs of governmental assistance. Even commercial sales for dollars, which included 34 percent of dairy product exports in the year ended June 30, 1963, required export assistance to meet prices in the world market, where dairy product prices generally are below U. S. prices. Sales of all kinds, both commercial and to foreign governments, were \$77 million of the \$167 million of dairy product exports in fiscal year 1963, compared with \$75 million of the \$128 million total in fiscal 1962.

In addition to sales, foreign donations of dairy products have also been growing. U. S. food donations for overseas distribution are an effective part of the Food for Peace program. These donations fell under Titles II and III of Public Law 480. Available surplus foods, including cereals, fats, and nonfat dry milk valued at \$400 million, will be distributed in the current fiscal year. Nonfat dry milk is a basic commodity in most programs. It is distributed in all but 2 of the 113 countries receiving U.S. products under Food for Peace.

In the later half of 1963, foreign donations of dairy products and other surplus foods were distributed in 113 countries and territories, to an estimated 71.6 million needy people. Dur-

ing the current fiscal year, 15 voluntary agencies and 2 intergovernmental organizations are participating. Catholic Relief Services, CARE, Church World Service, and United Nations Children's Fund distribute over 90 percent of all donations; 13 smaller organizations account for the balance. About \$60-\$70 million are raised by these participating organizations, primarily within the United States, to pay for distribution costs within the receiving countries. Since 1954 CCC has been permitted to reprocess, package and pay transportation costs to U. S. ports for donated commodities. Further authorization by Congress in 1956 allowed CCC to pay ocean freight.

The biggest school-feeding programs are in India, the Philippines and Egypt, while in Brazil, Poland, and Spain more recipients are fed in institutions. Family distribution is largest in Italy, Algeria, and Columbia. Most refugees served are located in Laos, Korea, and Jordan (Palestine). The largest number of persons receive U. S. donated food in India, the Philippines, and Italy, and the largest commodity programs are in India, Algeria, and Mexico.

U. S. dairy exports find few outlets abroad at prices comparable with domestic markets. First of all this is because prices of dairy products in

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

April 1964	March 1964	April 1963
\$3.73	\$4.01	\$3.55
4.16	4.27	4.10
3.728	3.835	3.713
3.623	3.675	3.605
3.003	3.078	2.985
7.1¢	7.1¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

72.8	72.2	74.2
67.9	66.7	69.5
6.2	7.7	7.9
1.7	2.2	2.2
3.2	2.4	4.0
4.3	3.0	8.7
17.8	17.7	13.9
26.1	28.1	19.6

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

41,344,881	42,279,621	38,742,885
1,003,279	985,244	958,105
1,344	1,347	1,381
1,025	1,012	935
3.77	3.81	3.77
\$1,689,506.47	\$1,780,392.15	\$1,579,412.67
\$293.32	\$298.46	\$266.86

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

29,040,448	29,467,855	27,727,606
1,057,921	1,074,696	1,015,530
30,098,369	30,542,551	28,743,136
2,558,488	3,219,504	3,033,555
27,183	34,666	32,450
2,585,671	3,254,170	3,066,005

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

330,538	321,308	324,984
5,037	4,390	5,239
18,820	16,941	17,056
11,963	11,813	12,967
7,776	7,811	8,839

COMPARATIVE STATISTICS

COLUMBUS MARKETING AREA

★ APRIL, 1955 - '64

Year	Receipts From Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1955.....	25,320,226	3.77	69.0	8.6	12.7	10.0	3.60	4.219	3.819	3.319	3.143	2,091	404
1956.....	25,778,372	3.81	71.8	8.3	11.0	8.6	3.65	4.258	3.858	3.360	3.183	2,056	418
1957.....	24,307,929	3.77	80.8	10.9	5.6	2.7	4.07	4.57	4.17	3.49	3.07	1,899	427
1958.....	25,127,358	3.73	78.0	9.2	8.9	3.9	3.81	4.350	3.950	3.350	2.927	1,821	460
1959.....	27,016,706	3.75	83.8	8.4	2.6	5.2	3.81	4.314	3.914	3.489	2.869	1,772	508
1960.....	28,853,090	3.83	78.1	8.0	3.2	10.7	3.63	4.195	3.795	3.532	2.904	1,690	569
1961.....	28,736,091	3.80	79.2	7.5	2.1	11.2	3.79	4.328	3.928	3.729	3.119	1,243	771
1962.....	33,768,621	3.82	75.7	7.9	3.6	12.8	3.65	4.22	3.899	3.617	2.997	1,317	855
1963.....	38,742,885	3.77	74.2	7.9	4.0	13.9	3.55	4.10	3.713	3.605	2.985	1,381	935
1964.....	41,344,881	3.77	72.8	6.2	3.2	17.8	3.73	4.16	3.728	3.623	3.003	1,344	1,025

Dairy Stocks Are Below A Year Ago

The Dairy Situation, Economic Research Service USDA, April, 1964

Total stocks of all manufactured dairy products were estimated at about 9 billion pounds milk equivalent at the beginning of April, about 3.8 billion under a year earlier. This resulted because: (1) CCC purchased the equivalent in products of about 1.3 billion pounds of milk less in marketing year 1963-64 than in 1962-63, as milk production declined and commercial demand increased; (2) CCC was able to utilize excess supplies rapidly through foreign and domestic sales and donations.

Total cold storage holdings of butter on April 1 were 188 million pounds compared with 345 million pounds a year earlier. Cheese stocks were 286 million pounds, 17 percent lower. Most

of the change in stocks occurred in Government holdings of butter, which fell from 314 million pounds on April 1, 1963, to 151 million pounds a year later. This rapid utilization of the large stocks built up during 1961 and 1962 was accomplished largely by increased donations from CCC stocks. Domestic donations of butter increased from 84 million pounds in 1960 to about 171 million in 1963. Foreign shipments of butter and butteroil grew from 33 million pounds (butter equivalent) in 1962 to about 190 million in 1963.

Cheese stocks will shortly start to increase seasonally — perhaps at a more rapid rate than last year due to this year's increase in cheese production. Commercial cold storage

holdings of American cheese at the end of March were 253 million pounds, 4 percent lower than a year earlier, Government holdings totalled only 7 million pounds compared with 45 million pounds a year earlier.

Nonfat dry milk in Government hands at the end of February was 473 million pounds compared with 690 million pounds in February 1963. Uncommitted CCC stocks at the end of March were 183 million pounds compared with 505 million pounds a year earlier. Available domestic and foreign outlets probably will utilize all of CCC's purchases in 1964-65 marketing year. Therefore, uncommitted stocks at the end of the marketing year probably will be no higher than at the beginning.

USDA Amends Columbus, Ohio Federal Milk Order

The U. S. Department of Agriculture has issued an order amending several provisions of the Columbus, Ohio, Federal milk marketing order.

The amended order became effective on May 1.

Agricultural Marketing Service officials said the amendments, which were based on evidence submitted at a public hearing in Columbus October 23-25, 1962, were approved by

more than 94 percent of the market producers voting in a referendum.

The amendments: 1. Expand the marketing area to include the counties of Coshocton (except Adams township), Fayette, Muskingum, and Pickaway, and the unregulated portions of Fairfield, Guernsey, Licking, Madison, and Union Counties; 2. Combine what are now three manufacturing classes into a single manufactur-

ing class; 3. Increase the bottling milk price differential from \$1.11 to \$1.25 per hundredweight to offset the changes in manufacturing milk prices caused by the consolidations of the three classes into one.

Other amendments change the classification of certain packaged milk products, classify ending inventory in the single manufacturing class, and expand the surplus disposal areas.

June is Dairy Month

FOREIGN TRADE . . .

(Continued from Page One)

the world context are below U. S. prices, even though relatively high for some exporting countries. Secondly, tariffs, quotas, and other restrictions limit the movement of U. S. milk, along with that of other exporters, into most of the major importing countries of the world.

Such tariffs are substantial in some countries, on an ad valores basis, rising as high as 50 percent or more. In the Common Market countries, variable import rates are proposed which will maintain the cost of imported products at the same level as prices within the Common Market countries. Nonduty restrictions over the world also restrict international movement of dairy products. Such restrictions include the use of import quotas and licenses, or even embargoes; barter agreements which pledge a country to take products from one country, thus excluding imports from others; requirements for advance deposit of a substantial portion of the value of the product before it can be admitted; tie-in purchases of local products to a stated proportion of the imports; and trading only through a national agency.

While general tariffs, quotas, and other import restrictions limit the movement of United States dairy products in commercial export trade, the principal reason for our small

commercial exports is the high level of our domestic prices. Relatively high prices of dairy products in the United States encourage other countries with exportable surplus to try to sell their products here.

The United States has used tariffs as a restriction on imports of dairy products. However, these tariffs through negotiation under the various reciprocal trade agreements and the GATT now are relatively low. The United States has also imposed import quotas on certain dairy products since August 1951 as a means of protecting the domestic price support program for manufacturing milk and butterfat from interference from excessive imports. The quotas which are currently in effect under Section 22 of the Agricultural Adjustment Act, as amended, may not be less than 50 percent of the imports during the base period. Several of the quotas now in effect are larger than the 50 per-

cent limitation. The specific dairy products under import quota restrictions are butter, butteroil, dry milks, Cheddar cheese, Edam and Gouda cheese, Italian-type cheese, and Blue mold cheese.

Since the quotas pertain only to the specifically named products, it is still possible to export unlimited quantities of other dairy products to the United States at the favorable prices prevailing here. Imports of some of these products have increased, specifically frozen fresh cream, Colby cheese, sheep's milk cheese, and butterfat-sugar products of less than 45 percent butterfat.

To limit the effect some of these products would have upon the price support program, the United States accepted limiting export arrangements by New Zealand, Australia, and Ireland. the principal exporters of Colby cheese, cream, and butter-sugar products.

Market Quotations

APRIL
1964

MINNESOTA - WISCONSIN PRICE SERIES	\$3.12
MIDWEST CONDENSERIES 3.5% per Cwt.	3.094
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.123
Average Weekly Cheddars price per lb.3381
Average Price per lb. 92-score butter at Chicago5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1419

THE

Market

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BULLETIN

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June is
DAIRY
month

**BE STRONGER
LIVE LONGER
DRINK MILK**



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